

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1096-01
Bill No.: HB 320
Subject: Construction and Building Codes; Labor and Industrial Relations Department;
Salaries; Employees - Employers
Type: Original
Date: February 11, 2011

Bill Summary: This proposal modifies provisions relating to public construction.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Labor and Industrial Relations (DOLIR)** assume that the changes in this legislation would result in an increase in objections filed to the Annual and General Wage Orders. These objection hearings require significant participation (preparation of pre-filed testimony, review and determination of the effect of additional evidence of wage rates that is provided by interveners, working with the assistant attorney general who will represent the Division in the hearing, preparation for live testimony, and attendance at the hearing) by the Division of Labor Standards (DLS) staff. While normally DLS can absorb the cost of objection hearings, the Department believes it will see a high enough spike in the number of hearings, especially in the first several years, that DLS will not be able to cover these hearings and its other responsibilities without needing additional personnel. The Division estimates that 3 FTE would be required to handle the increase in objections and other responsibilities. Those FTE include one Wage and Hour Investigator II, one Research Analyst III and one Senior Office Assistant.

The increase in prevailing wage objections will also impact the workload of the Labor and Industrial Relations Commission. They hear and decide objections to prevailing wage rates and occupational titles as initially determined by the DLS. Their current GR appropriation is not sufficient to cover additional workload. Therefore, the Department estimates the need of an additional attorney and clerical for approximately three months each fiscal year.

DOLIR estimates the cost of the FTE to be \$158,687 in FY 2012 and \$182,262 in FY 2013.

Oversight assumes that it is unclear whether the proposed changes would result in an increase or decrease in the number of complaints handled by DOLIR. Oversight assumes that DOLIR should be able to absorb the cost of this proposal. If DOLIR experiences a measurable increase in its workload as a direct result of this proposal, then it can request additional FTE in future budget requests.

Officials at the **City of Raytown, Laclede County, Missouri Department of Transportation, Missouri State University, Missouri Western State University, Northwest Missouri State University, Office of Administration, Parkway School District, Special School District of St. Louis, St. Louis County** and the **University of Central Missouri** assume that there is no fiscal impact from this proposal.

Officials at the **Missouri Department of Conservation** assume this proposal has the potential to lower labor costs on contracted construction projects.

ASSUMPTION (continued)

Officials at the **Metropolitan Community College** assume an unknown positive fiscal impact.

Officials at the **Linn State Technical College** assume an unknown impact.

Officials at the **University of Missouri** assume this would not have a significant impact over \$100,000 on the University.

Officials at the **Lincoln University** assume no savings are anticipated for construction projects. It appears this legislation is dealing with determining wage rates for the annual wage order. We do not anticipate the rates will change significantly with this legislation for the Cole County area.

Oversight assumes that the purpose of this legislation is to change how the prevailing wage rate is calculated by DOLIR. Once the wage rate is determined local political subdivisions could experience an indirect benefit or cost to their future contracts. The indirect affect of this proposal is not shown in the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This could affect any small business working on a public works project.

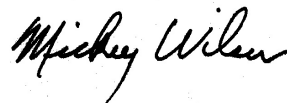
FISCAL DESCRIPTION

This proposed legislation appears to have no fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

City of Raytown
Department of Labor and Industrial Relations
Laclede County
Lincoln University
Linn State Technical College
Metropolitan Community College
Missouri Department of Conservation
Missouri Department of Transportation
Missouri State University
Missouri Western State University
Northwest Missouri State University
Office of Administration
Parkway School District
Special School District of St. Louis
St. Louis County
University of Central Missouri
University of Missouri



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February 11, 2011